



**CITY OF EL PASO DE ROBLES**  
*"The Pass of the Oaks"*

**CITY COUNCIL AGENDA**  
Thursday, March 5, 2009 7:00 PM

**ADDENDUM**

**ADJOURNED REGULAR MEETING  
2009 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
("CDBG") PUBLIC HEARING**

**MEETING LOCATION: PASO ROBLES LIBRARY/CITY HALL  
CONFERENCE CENTER, 1000 SPRING STREET**

**PUBLIC HEARING**

**1. 2009 Community Development Block Grant ("CDBG") Program**

R. Whisenand, Community Development Director

For the City Council to consider a revised option to include funds for the 211 SLO Hotline for awarding 2009 Community Development Block Grant (CDBG) funds.

- a. Option A: Adopt the attached Resolution 09-XXX to allocate the City's allotment of 2009 CDBG funds, program income, and unspent CDBG funds as follows:

Sidewalks on Riverside Ave and 24 <sup>th</sup> Street.....	\$213,133
Public Services Activities (allocated as shown below) .....	\$ 40,950
EOC-Senior Health .....	\$ 1,800
EOC-Teen Academic Parenting Program.....	\$ 2,200
Lifestyles Recovery Center .....	\$ 4,500
TFS Motel Voucher .....	\$19,050
Literacy Council.....	\$ 1,800
Senior Nutrition Program of SLO County.....	\$ 1,800
Big Brothers/Big Sisters .....	\$ 1,800
El Camino Homeless Organization .....	\$ 4,500
People's Self-Help Housing Corporation .....	\$ 1,700
211 SLO Hotline.....	\$ 1,800
Capacity Building (an administrative use of CDBG funds).....	\$ 27,000
Administration .....	\$ 27,000
Total .....	\$308,083

- b. Amend, modify or reject the proposed activities listed in this report.

**ROLL CALL VOTE**

\*\*\* End of Addendum \*\*\*

TO: James L. App, City Manager  
FROM: Ron Whisenand, Community Development Director  
SUBJECT: 2009 Community Development Block Grant (CDBG) Program: 211 SLO Hotline Request  
DATE: March 5, 2009

Needs: For the City Council to consider a revised option for awarding 2009 Community Development Block Grant (CDBG) funds.

Facts:

1. A public hearing to consider allocation of 2009 CDBG funds has been scheduled for a special City Council meeting on March 5, 2009.
2. The City is expected to receive \$273,000 in 2009 as its allotment of CDBG funds from the U.S. Department of Housing and Urban Development (HUD). Of that amount, no more than 15%, or \$40,950 may be used for public service activities such as homeless services, health services, programs for at-risk youth, etc., that benefit low income persons.
3. 211 SLO Hotline submitted an application for 2009 CDBG funds in October; their application requested \$3,300 for expenses related to conducting a study of the effectiveness of their hotline. The application checked a box indicating that the requested funds would be used for “technical assistance and planning studies”.
4. Federal regulations governing the CDBG Program consider “planning studies” to be a form of administrative expense, which does not qualify for the 15% of funds that may be used for public services. These regulations do provide that planning studies may be funded as form of administrative expense, and that administrative expenses are subject to a 20% limit on annual allocations of CDBG funds.
5. Since becoming entitled to annual allocations of CDBG funds, the City has consistently used the full 20% for administrative expenses to fund its own Housing Programs.
6. The staff report prepared for the Council’s March 5 hearing does not recommend that 211 SLO Hotline’s application be approved.
7. Linda McGregor, Executive Director for 211 SLO Hotline has requested that their application be considered as a type of public service.

Analysis and  
Conclusion:

Section 24 CFR 570.205 of Federal regulations defines certain planning studies as a form of “capacity-building” activity, which are subject to the 20% cap on administrative use of CDBG funds. The type of planning studies listed in this section include general plans, specific plans, neighborhood plans, policy plans, etc.

211 SLO Hotline’s application indicates that they want to add part-time staff to conduct an evaluation of their existing services to determine if their hotline system is operating efficiently. Such an activity can be considered to be a standard function of any organization and a valid operating cost. As such, 211 SLO Hotline’s application could be considered to be eligible as a public service.

If 211 SLO Hotline’s application is to be considered for funding, it would compete with nine other applications for the \$40,950 for the 15% of the expected \$273,000 in 2009 in CDBG funds. Option A, as presented in the staff report for the March 5 hearing would have to be revised to add an allocation for 211 SLO Hotline. Doing so would necessitate reducing the awards to other applicants for public services. The table below illustrates an option for re-allocating the \$40,950 in public services funds.

Activity	Request	Suggested Award
EOC Senior Health Screening	2,350	1,800
EOC Teen Academic Parenting	2,850	2,200
Lifestyles Recovery Center, Inc.	12,000	4,500
Transitional Food and Shelter, Inc.	25,000	19,050
The Literacy Council	4,000	1,800
Senior Nutrition Program of SLO County	4,000	1,800
Big Brothers Big Sisters	4,000	1,800
El Camino Homeless Shelter	15,000	4,500
People’s Self-Help Housing Corporation	3,000	1,700
<b>SLO 211 Hotline</b>	3,300	1,800
<b>Total</b>	<b>75,500</b>	<b>40,950</b>

The City has received preliminary word from HUD that it might be receiving an additional allocation of about \$74,000 in 2009 CDBG funds as a consequence of the American Recovery and Reinvestment Act of 2009 (Stimulus Bill). However, neither has this amount yet been confirmed, nor has the City learned if the additional funds might be subject to a different set of regulations limiting their use. The attached resolution awarding 2009 funds contains a provision (Section 2) that would require the City Council to conduct a subsequent public hearing if the amount of the expected \$273,000 allocation of 2009 funds varies by more than 10 percent (i.e., \$27,300).

Policy

Reference: Federal regulations for the Community Development Block Grant Program

Fiscal

Impact: No impact to the General Fund would occur as a result of any option outlined below. The City’s Housing Programs budget is funded with a combination of CDBG and Redevelopment Low and Moderate Income (LMIH) Funds. If the Council decides that 211 SLO Hotline’s application only qualifies as an “administrative” activity (and not a public service), and desires to approve it, a corresponding amount of LMIH funds would need to be used to “backfill” the reduction in administrative funds that would otherwise be allocated to Housing Programs. If the Council decides that 211 SLO Hotline’s application qualifies as a public service, there would be no impact to LMIH funds.

Options:

Upon completion of a public hearing, take one of the following actions:

- a. Option A: Adopt the attached Resolution 09-XX to allocate the City’s allotment of 2009 CDBG funds, program income, and unspent CDBG funds as follows:

Sidewalks on Riverside Ave and 24<sup>th</sup> Street ..... \$213,133

Public Services Activities (allocated as shown below) .....	\$ 40,950
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Literacy Council .....	\$ 1,800
Senior Nutrition Program of SLO County.....	\$ 1,800
Big Brothers/Big Sisters .....	\$ 1,800
El Camino Homeless Organization .....	\$ 4,500
People's Self-Help Housing Corporation .....	\$ 1,700
211 SLO Hotline.....	\$ 1,800
Capacity Building (an administrative use of CDBG funds).....	\$ 27,000
Administration.....	<u>\$ 27,000</u>
Total.....	\$308,083

- b. Amend, modify or reject the proposed activities listed in this report.

Prepared by: Ed Gallagher, City Planner

Attachment: Revised Resolution adopting an Annual Action Plan for 2009 CDBG Funds

RESOLUTION NO. 09-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
DETERMINING THOSE PROJECTS TO BE FUNDED WITH THE CITY'S ALLOTMENT  
OF 2009 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS

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WHEREAS, the City has been notified by the Federal Department of Housing and Urban Development (HUD) that it is entitled to receive Community Development Block Grant (CDBG) funds; and

WHEREAS, via a Cooperation Agreement with the County of San Luis Obispo (hereafter referred to as "County") executed on June 28, 2005, the City waived its individual entitlement status for a period of three years with an option for an automatic three year renewal in order that the County and the cities located therein may qualify as an "Urban County"; and

WHEREAS, on June 2, 2008, the City Council adopted Resolution 08-087 approving a three year renewal of the 2005 Cooperation Agreement; and

WHEREAS, via the Cooperation Agreement, the City retains the authority to determine which projects are to be funded with its allotment of CDBG funds; and

WHEREAS, based on the CDBG entitlement allocation for 2008, the City expects to receive \$273,000 in entitlement CDBG funds in 2009; and

WHEREAS, the City has \$2,947 in unused 2005 CDBG funds from the Children's Museum Rehabilitation Project and \$32,137 in unused 2006 CDBG funds from Seismic Mitigation Programs that can be reprogrammed; and

WHEREAS, in February 2009, the U.S. Congress enacted the American Recovery and Reinvestment Act of 2009 (ADDA), which includes an additional allocation of \$1 billion to the CDBG Program; and

WHEREAS, in the first half of 2009, the City may become eligible for additional CDBG funds under the ADDA in an amount yet to be determined; and

WHEREAS, in August of 2008, the urban county published a "Request for Proposals" for projects to be funded under the 2009 CDBG Programs, which provided that proposals were to be submitted by October 14, 2008; and

WHEREAS, on January 28, 2009, the urban county conducted a public meeting in Atascadero for residents of northern San Luis Obispo County, including the City of Paso Robles, to ascertain the housing and community development needs to be addressed in the Consolidated Plan; and

WHEREAS, about December 2008, the urban county released a Public Review Draft Consolidated Plan, which indicated those projects to be proposed to receive CDBG funds in 2009; and

WHEREAS, on January 21, 2009, the City published a notice in the Tribune, indicating those projects to be proposed in the Annual Action Plan to receive CDBG funds in 2009; and

WHEREAS, at its meeting of March 10, 2009, the City Council conducted a public hearing to obtain public testimony on the proposed Draft Consolidated Plan;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of El Paso de Robles, California, as follows:

Section 1. Based on an expectation that the City will receive \$273,000 in 2009 CDBG funds and will reprogram \$2,947 in unused 2005 CDBG funds from the Children's Museum Rehabilitation Project and \$32,137 in unused 2006 CDBG funds from Seismic Mitigation Programs to recommend that the Board of Supervisors for the County of San Luis Obispo adopt the 2009 Draft Annual Action Plan, a copy of which shall be kept on file in the Community Development Department, which shall include the following programs to be funded with the City's allotment of CDBG funds:

1. **City of Paso Robles: \$213,133.** This project is initiated by the City of Paso Robles and consists of design and construction of concrete sidewalks and related improvements within the public streets' rights-of-way along the frontage of Paso Robles Event Center (PREC – formerly known as the mid-State Fairgrounds) and adjacent property. Associated improvements that typically accompany sidewalks include: curbs, gutters, concrete drive approaches, street lights, street trees, and storm drains.

This activity qualifies for CDBG funding as a public facility improvement under Section 24 CFR 570.201(c). The national objective achieved is benefit to low and moderate income persons (physically disabled) in accordance with 24 CFR 570.208(a)(2).

This activity would also serve the National Objective of “activities which aid in the prevention or elimination of slums and blight” (24 CFR 570.208(b)) as the project is located in the Redevelopment Project Area and inadequate public improvements are cited as blighting conditions in the Redevelopment Implementation Plan.

2. **Economic Opportunity Commission’s (EOC) Senior Health Program: \$1,800.** This program requests that the City contribute funds to share the costs of operation of a county-wide senior health screening program, which is expected to serve approximately 700 low income seniors county-wide.

This activity qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

3. **EOC’s Teen Academic Parenting Program (TAPP): \$2,200.** EOC requests that the City contribute a share of the costs to operate a county-wide counseling and child care program for pregnant and parenting teen mothers and fathers in all cities in San Luis Obispo County, which is expected to serve approximately 250 low income persons (mothers, fathers and children) county-wide.

This activity qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

4. **Lifestyles Recovery Center: \$4,500.** Lifestyles Recovery Center has secured requested funds for operating expenses for their drug and alcohol counseling services for low income persons and for a volunteer training program. The applicant’s project they will serve an estimated 3,500 low income households per year.

This activity qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

5. **Transitional Food & Shelter’s Motel Voucher and Apartment Program: \$19,050.** TF&S has requested the City to assist in their program of providing motel and apartment rooms for those homeless that are too ill to stay at a shelter. According to the application, 100 low income persons are expected to be served. This number does not include shelter nights.

This activity qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

6. **The Literacy Council: \$1,800.** The Literacy Program requests the City to contribute a share of the costs to operate a county-wide program to provide English Language classes to an estimated 600 low income adult persons (county-wide). The funds would be used for salaries, equipment and operating expenses for one year.

This activity qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

7. **Senior Nutrition Program of SLO County: \$1,800.** The Senior Nutrition Program requests the City to contribute a share of the costs to operate a county-wide program to provide hot meals to seniors. Their application indicates that they expect to serve approximately 130 seniors in Paso Robles.

This activity qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

8. **Big Brothers & Big Sisters: \$1,800.** Big Brothers & Big Sisters requests the City to contribute a share of the costs to operate a county-wide program to provide mentoring services to 240 “at-risk” youth from low income households (county-wide). The funds would be used for salaries, equipment and operating expenses for one year.

This activity qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

9. **El Camino Homeless Organization: \$4,500.** El Camino Homeless Organization (ECHO) requests the City contribute a share of the costs to operate their homeless shelter at certain churches in Atascadero along with the help of covering costs of providing motel vouchers for homeless that meet certain criteria. Their application indicates that about 25% of their clients come from Paso Robles.

This activity qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

10. **People’s Self-Help Housing Corporation: \$1,700.** People’s Self-Help Housing Corporation requests the City to contribute a share of the costs to operate work shops throughout the county and one on one counseling that focus on foreclosure prevention and homebuyer education for low-income families. The program is estimated to serve 60 low-income clients county wide.

This activity qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

11. **211 SLO Hotline: \$1,800.** 211 SLO Hotline requests the City to contribute a share of the costs to hire additional part time personnel to evaluate the effectiveness of their hotline program and suggest changes as appropriate. The program is estimated to serve 24,000 callers county wide, of which more than 51% would be low-income.

This activity qualifies for CDBG funding as a public service under Section 24 CFR 570.201(e). The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2).

12. **Capacity-Building: \$27,000.** This activity is classified as an administrative use of CDBG funds. The activity consists of using City staff time to implement programs identified in the City’s Housing Element of the General Plan and in its Redevelopment Implementation Plan to benefit low and moderate income persons and to aid in the prevention or elimination of slums or blight. This activity will further the City’s efforts to provide affordable housing to low and moderate income households.

This activity qualifies for CDBG funding as a planning and “planning-policy-management-capacity building” under Section 24 CFR 570.205. The national objective achieved is benefit to low and moderate

income persons in accordance with 24 CFR 570.208(a)(2) and elimination of blight in accordance with 24 CFR 570.208(b).

13. **CDBG Program Administration: \$27,000.** The City of Paso Robles has initiated an application to use \$27,000 or about 10 percent of the total amount of 2009 CDBG funds to administer the CDBG program and all of the activities that are approved.

This activity qualifies for CDBG funding as a program administrative costs under Section 24 CFR 570.206. The national objective achieved is benefit to low and moderate income persons in accordance with 24 CFR 570.208(a)(2) and elimination of blight in accordance with 24 CFR 570.208(b).

Section 2. If, after the adoption of this resolution, the City learns that the amount of 2009 CDBG funds varies from the \$273,000 expected, the additional or reduced CDBG funds shall be allocated as follows:

- A. If the amount of change (addition or reduction) is within ten percent (10%) of the expected allocation of \$273,000, the City Manager may administratively direct that the amounts to be allocated to the 12 programs listed in Section 1 of this resolution may be revised in a proportionate manner and subject to conformance with federal regulations for allocating CDBG Funds set forth in 24 CFR Part 570.
- B. If the amount of change (addition or reduction) is greater than ten percent (10%) of the expected allocation of \$273,000, the City Council shall conduct a subsequent public hearing, to be noticed in accordance with federal regulations governing the Consolidated Plan set forth in 24 CFR Part 91 to allocate any additional funds or to distribute any reduction.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 5th day of March 2009 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Duane Picanco, Mayor

ATTEST:

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Cathy M. David, Deputy City Clerk